

IRS PILOTS PRE-FILING AGREEMENT PROGRAM FOR LARGE BUSINESSES

Washington—Under a new program announced today, large business taxpayers may request a pre-filing agreement with the Internal Revenue Service to resolve specific issues relating to tax returns they will file later this year. Using the pilot pre-filing agreement procedure, both taxpayers and the IRS can in a cooperative environment resolve issues likely to be disputed in post-filing examinations. Notice 2000-12 describes the pilot program.

Pre-filing agreements are a significant way the IRS and business taxpayers can work together to resolve issues up front. We can work to resolve potential issues before the return is filed and minimize the controversy during an examination, said Larry R. Langdon, Commissioner of the Large and Mid-Size Business Division of the IRS. This approach will result in interaction that is less time consuming, expensive and contentious. That benefits both the taxpayer and the IRS.

The pre-filing agreement (PFA) program pilot, scheduled to begin in March, will cover issues on returns that will be filed between September-December 2000. Some examples of issues that might be resolved in the PFA program include valuation of assets and the allocation of purchase or sales price among assets acquired or sold; in-house research expenses, and valuation of inventories. Notice 2000-12 provides examples of issues likely to be suitable for resolution through the pilot PFA program.

The pre-filing agreement pilot program is open to large businesses that currently have a Coordinated Examination Team on site. Businesses interested in participating in the pilot program should contact their on site Case Manager as soon as possible. Requests to participate in the pilot should be submitted by March 15, 2000. Additional information on the PFA pilot may be found in Notice 2000-12 on the IRS Web site at www.irs.gov.

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